

CHAPTER 1

NNSA of the Future Organizational Realignment Package

Executive Summary

This organizational realignment package describes and documents the establishment of a New National Nuclear Security Administration (NNSA) organizational structure. The new structure is designed to enhance the operational efficiency and programmatic effectiveness of the Nation's nuclear security enterprise.

BACKGROUND

On February 25, 2002, the Administrator announced NNSA's strategy for improving effectiveness and efficiency in a *Report to Congress on the Organization and Operations of the National Nuclear Security Administration*. That report identified three key objectives: (1) increase organizational discipline and accountability by defining authorities and responsibilities; (2) achieve enterprise-wide integration; and, (3) lift administrative burdens through streamlining policies, procedures, and staffing.

Starting from the overall objective to improve efficiency and effectiveness, the NNSA designed a new organizational structure that: (1) removes a layer of management by disestablishing Operations Offices; (2) locates NNSA support and oversight close to laboratories and plants by strengthening Site Offices; (3) consolidates support functions in a single Service Center organization; and, (4) allows NNSA to adopt challenging staff reduction targets to be achieved by the end of Fiscal Year (FY) 2004.

The New NNSA will be comprised of three units: Headquarters, Site Offices, and the Service Center. NNSA will establish eight Site Offices and one integrated Service Center. The three Operations Offices will be disestablished. The NNSA Headquarters organization structure was largely established last October and adjusted to accommodate the addition of DP's Program Integration Organization (PIO) in August. Some additional Headquarters changes, including consolidation of program management responsibilities and clarification of line responsibility for security and safety issues, will be implemented as well.

In early March 2002, senior officials from throughout the NNSA met and began work on implementing the objectives and organizational structure contained within the February *Report to Congress*. At that time, the NNSA leadership established the goal to stand up the New NNSA in December 2002. Over the past nine months, teams of NNSA managers have been establishing the organizational baseline, benchmarking current functions and processes, aligning functions within the major organizational units, and

reengineering key business processes. As a result of the intensive work of these internal teams, NNSA is now prepared to stand up the New NNSA organizational structure. This chapter summarizes the contents of the realignment package.

The *NNSA of the Future Organizational Realignment Package* contains: (1) an Executive Summary; (2) Mission and Function Statements for the three major NNSA organizational units: Headquarters, Site Offices and the Service Center; (3) Organization Charts for each NNSA element, including both “as is” and “to be” organizations; (4) a listing of Functional Changes, tracking the transfer of functions between existing and proposed organizations; (5) a Crosswalk of Employees between the “as is” and “to be” organization; (6) a description of Staffing Principles and Concepts Governing Employee Placement; and, (7) Talking Points for Manager to use in briefing employees concerning the changes involved in stand up.

Appendix A contains the first formal revision of the NNSA Matrix of Functions by Location, initially approved by the Administrator on August 15, 2002. Appendix B contains mission and function statements for each Headquarters and Site Office organization and the Service Center. These statements will be refined over the next few months to ensure consistency with the Matrix of Functions by Location and the new organizational structure. Appendix C contains the delegations of authority required to perform assigned functions and proposed Contracting Officer Representative delegations for NA-10, NA-20, and the Site Offices. Appendix D contains a description of changes that will become effective on July 1, 2003.

ORGANIZATIONAL BENEFITS

Upon implementation of the new structure, NNSA will make progress on each of its three major objectives:

- By clearly defining the missions and functions of each NNSA organizational unit and eliminating organizational overlaps, the new structure will help NNSA achieve greater discipline and accountability.
- By investing Site Office Managers with the authority and responsibility for coordinating Federal interaction with the site’s management and operating contractor, the new organization will allow NNSA to streamline and improve oversight and lift unnecessary administrative burdens. Staffing for these offices will not increase appreciably even though the Managers’ role has expanded significantly.
- By aligning organizational units performing program management functions with Headquarters, the new structure will allow NNSA to streamline and improve Federal program management activities. Headquarters units, excluding nonproliferation and emergency management, will be expected to reduce staffing by almost 30 percent during the next 20 months.

- By creating a single Service Center and consolidating personnel in Albuquerque, New Mexico, NNSA can coordinate, streamline, and improve Federal services. Consolidation of personnel performing Service Center functions will be completed by the end of FY 2004, after which the Oakland Operations Office will close and the Nevada office will be reduced in size and concentrate on management of the Nevada Test Site. The Service Center will also be expected to reduce staffing by over 25 percent during the next 20 months.

IMPLEMENTING THE NNSA IMPROVEMENT STRATEGY

As described in the February *Report to Congress*, the New NNSA will increase organizational discipline and accountability by implementing the following principles:

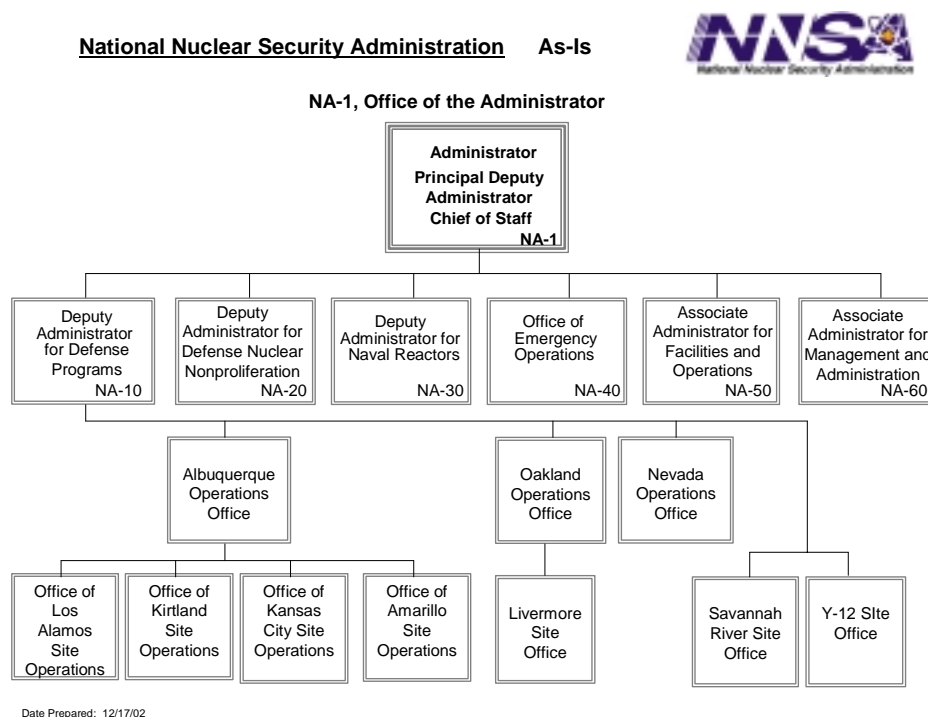
- Federal officials determine requirements—what is needed.
- Laboratory, production plant, and other contractors deliver the product—the what—and manage how it is achieved.
- The lead role for each Federal activity is performed in only one location.
- The location is determined by expertise.
- Direction is integrated across the organization before being delivered.

To implement these principles, the New NNSA has specified reporting chains, authorities, and responsibilities. Tasking will be based on formal delegations and contracting procedures:

- Direction within the Federal family will be conveyed in accordance with the reporting relationships established by the new organizational structure and formal delegations of authority from the Administrator.
- Federal program direction to the laboratories, production plants, and test site will be delivered only by a warranted contracting officer (CO) or by a designated contracting officer's representative (COR).

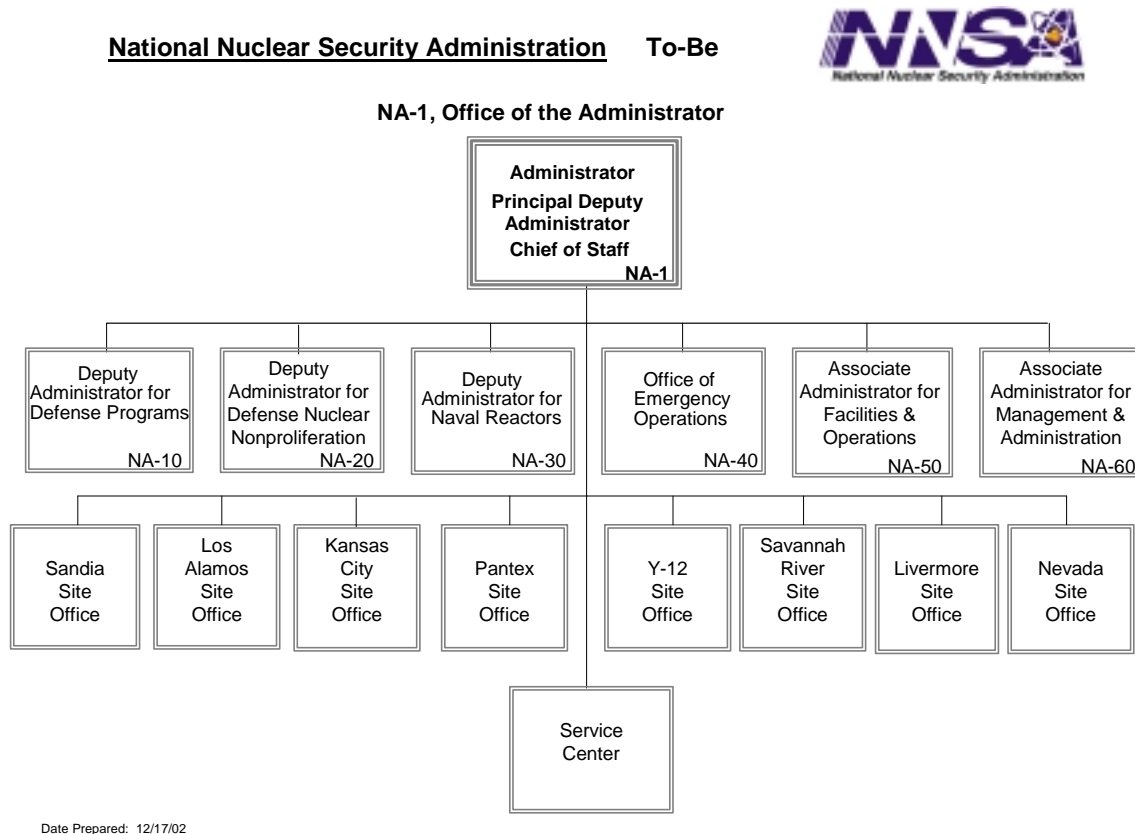
The New NNSA's Site Office Managers will be the contracting officers responsible for integrating direction that is delivered to the contractor. CORs will provide day-to-day direction within the bounds set by the Site Office Manager (as CO) and available funding. This reorganization package contains both the delegations of authority and designations of CORs to implement these procedures.

The generic missions and functions of Headquarters, Site Offices, and the Service Center are summarized below and contained in Chapter 2. Key delegations of authority required to implement the New NNSA are organized into four categories: (1) procurement and contracting; (2) financial and accounting; (3) Federal human resources; and, (4) technical authorities, and are contained in Appendix C. That appendix also contains the proposed list of Contracting Officer Representatives for NA-10, NA-20, and the Site Offices.

Figure 1. “As-Is” NNSA

In summary, the NNSA has defined clear missions and functions for Headquarters, Site Offices, and the Service Center:

- Headquarters provides high-level guidance, sets requirements, defines policy and corporate processes, integrates overall program plans, develops and defends corporate budgets, assists the field in evaluating contractors, evaluates field oversight programs, and works with other governmental customers and stakeholders on corporate activities.
- Site Offices provide operations oversight and contract administration for NNSA Site activities, acting as the agency’s risk acceptance for the Site. The Site Offices are responsible for: (1) the safe and secure operation of facilities under the purview of NNSA; (2) supporting NNSA programs to ensure their success in accordance with their expectations; and, (3) ensuring the long-term viability of the Site to support NNSA programs and projects.
- The integrated Service Center organization supports mission work and optimizes efficiency by providing standardized business, administrative, and technical services for NNSA Site Offices, Headquarters, and assigned programs.

Figure 2. “To-Be” New NNSA

Site Office Managers will be tasked with leading NNSA’s efforts to redesign the Federal-contractor relationship to improve accountability and streamline oversight. Federal employees, with contractor input, will establish broad program objectives and goals. Contractors, in consultation with Federal employees, will be given the flexibility to execute programs efficiently and will be held accountable for meeting those objectives and goals. Based on these principles, NNSA has developed and will implement a contracting model that capitalizes on the private-sector expertise and experience of its contractors while simultaneously increasing accountability for high performance and responsiveness.

NNSA took a two-phased approach to this effort: First, Federal officials and laboratory employees are working together on reducing requirements in excess of those mandated by law and regulation within the context of the existing contract for the management and operation of Sandia National Laboratories. Second, Federal procurement experts are developing a “Model for Improving Management and Performance” that will be implemented, as appropriate, across the complex. Site Office Managers will be expected to implement the lessons learned from the pilot program and appropriate elements of the model contract on an expedited basis to eliminate unnecessary work and create staffing headroom to support their new responsibilities. Federal oversight of contractors will be streamlined and focused on validating management systems.

During the past six months, NNSA has been evaluating and improving the Federal program management process. This reorganization consolidates most Federal program management functions in Headquarters. Thus, NNSA will expect the senior Headquarters managers to rationalize the program management resources, with the expectation that overall Headquarters staffing, excluding nonproliferation and emergency management, will decline by almost 30 percent during the next 20 months.

Reductions in Federal activities at Site Offices and in program management will reduce support requirements that must be met by the new, integrated Service Center. In addition, over the past nine months, a team of NNSA Operations Office staff has been evaluating options for improving performance. The team concluded that, across the board, the staff resources required to provide services could be reduced by about 20 percent. Service Center managers have been given a stretch goal of reducing staff by over 25 percent during the next 20 months.

FUNCTIONAL AND STAFFING CHANGES

NNSA, as an institution, and all of its leaders are absolutely committed to ensuring that every aspect of the reorganization is conducted in a scrupulously fair manner. NNSA is committed to both excellence and diversity. We do not see these in conflict; on the contrary, only a diverse organization that draws on the talents of all its members can attain excellence. Only an organization where decisions are made in the open can inspire the kind of self-confidence needed for greatness. Therefore, we are committed to an inclusive, transparent process that is not only fair, but is seen as fair.

Through this proposed reorganization, NNSA will align functions consistent with the roles and responsibilities of each organizational unit. Chapter 3 contains organization charts for each NNSA element, both as they exist today and how they will change upon approval of the reorganization. These organizations were specified based on the mission, functions, and authorities assigned to each unit. Chapter 4 contains a matrix displaying both the “as is” and “to be” organizations, summarizing the changes that will occur to each unit. Chapter 5 contains a crosswalk of individual employees between the “as is” and “to be” organizations that keys to the functional changes.

Reading through these materials will provide each employee with an understanding of where he or she fits into the organization and the logic management used to determine where the function is being performed.

NNSA has identified senior executive leadership for each key position in the New NNSA and provided staffing level targets to be reached by the end of FY 2004. Challenging targets have been established for Headquarters, Site Offices and the integrated Service Center organization. These targets are listed in the table below.

NNSA STAFFING TARGETS WORKSHEET

ORGANIZATION	CURRENT ON BOARD	STANDUP BASE	STANDUP BASE W/O OTS, NN & ER*	20% CUT
HEADQUARTERS				
NA-1	45	45	45	32
NA-10	206	243	243	173
NA-20	186	195		
NA-40	25	27		
NA-50	70	36	36	26
NA-60	93	99	99	70
HQ Total	625	645	423	301
Percent Increase/Reduction				-28.8%
OPS TO SERVICE CENTER				
AL	435	403	403	
NV	237	89	89	
OAK	159	159	159	
HQ	0	28	28	
Service Center Total	831	679	679	500
Percent Increase/Reduction				-26.4%
SITE OFFICES				
Livermore Site Office	87	82	82	80
Los Alamos Site Office	81	81	81	95
Sandia Site Office	63	63	63	75
Nevada Site Office	0	148	136	80
Pantex Site Office	75	75	75	80
Y-12 Site Office**	75	75	75	80
Kansas City Site Office	55	55	55	45
Savannah River Site Office	37	26	26	20
Site Office Total	473	605	593	555
Percent Increase/Reduction				-6.4%
Subtotal	1,929	1,929	1,695	1,356
Percent Increase/Reduction				-20.0%

Office of Transportation Safeguards	358	358
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GRAND TOTAL	2,287	2,287
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NOTES:

*Excludes 12 Emergency Management staff in Nevada **One exception in process

Senior managers are now evaluating how best to organize based on their assigned responsibilities and these staffing targets. To secure an open process that is well understood, NNSA will establish clear procedures for selecting individuals for positions in the new organization. These procedures will ensure that all eligible individuals will have an equal opportunity to be considered and that panels making personnel decisions

include a diverse set of individuals. Chapter 6 contains the principles and concepts governing employee placement during this process.

NNSA will establish formal placement activities to assist in finding other employment for those individuals in Oakland, Nevada, Albuquerque, and Washington who choose not to re-locate. Where necessary, NNSA will extend this to specific Site Offices that may be reduced in numbers.

The NNSA of the future will remain one in which people are treated with respect, decisions are made in an open and fair manner, and everyone can aspire to rise to the top. To ensure that people are given the maximum flexibility in their daily lives, provided access to training and development, and afforded opportunities to excel, we will establish a Task Force to examine what changes in personnel policies, training opportunities, or working conditions should be made throughout NNSA to treat our world-class people in a world-class way. NNSA is committed to being an “employer of choice.” The Task Force will report by April 30, 2003, so that changes can be implemented by the end of FY 2004.

IMPLEMENTATION AND NEXT STEPS

A Leadership Coalition headed by the Administrator and consisting of the Deputy Administrators, Associate Administrators, Site Office Managers, Service Center Director, and Principal Deputy Administrator/Chief Operating Officer will be formally established by NNSA Policy Letter and will oversee implementation.

An Office of Implementation will be created for the duration of the implementation period to manage details. The Office of Implementation will have two major functions:

- Ensure that NNSA’s efforts to eliminate or transfer work out of the Federal system do not stall. The Office of Implementation will identify obstacles for resolution by the Leadership Coalition and the Administrator.
- Manage the formal effort to assist those NNSA employees who seek alternate employment rather than relocate.

Listed below are the steps that remain in NNSA’s efforts to improve efficiency and effectiveness:

- Between stand up and the end of January, NNSA managers will prepare managed staffing plans for FY 2003 and FY 2004. Once these plans are approved, NNSA will begin reassigning staff to support critical needs.
- Initially, NNSA will reassign employees through voluntary actions. Management expects that most of NNSA’s needs can be met through voluntary means. The voluntary reassignment process will begin in February and be completed within six to nine months.

- After NNSA has exhausted the voluntary process, management will begin directed reassignments, as necessary, to fill the remaining gaps.
- The pace of both voluntary and directed reassignments will be governed by funding. NNSA will submit a reprogramming request to fund these activities in FY 2003 and our goal is to complete all reassignments by the end of FY 2004.
- NNSA will continue to simplify and streamline work processes to meet the staffing targets through reviewing orders and directives, reengineering the program management process, streamlining business processes, and improving the Federal-contractor interface at Site Offices.

SUMMARY

Implementing the *NNSA of the Future Organizational Realignment* package will:

- Establish new mission and function statements for Headquarters, Site Offices, and the Service Center;
- Establish the formal organization structure for each NNSA element;
- Disestablish the Albuquerque, Oakland, and Nevada Operations Offices and begin the process of closing the Oakland Office;
- Create eight Site Offices to oversee the performance of mission work;
- Create a single, integrated Service Center organization to provide Site Offices and Headquarters with administrative, business, and technical support services;
- Focus Headquarters' organizations on setting policy and providing program guidance;
- Formally delegate authority to perform key functions; and,
- Transfer functions and related staff to new organizations.

In addition, the realignment will:

- Clearly define "line" responsibility for safeguards and security at Headquarters. On July 1, 2003, the Offices of the Defense Nuclear Security and Facilities and Operations will be combined and renamed the Office of Infrastructure and Security. The Associate Administrator for Infrastructure and Security will assume the additional duty of the Chief, Defense Nuclear Security.
- Move Headquarters' responsibility for environment, safety, and health to the "line" organization. Defense Programs, as landlord for the nuclear weapons complex, will assume line oversight responsibility for environment, safety, and health matters.